

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 15, 1999

IN RE:)
)
PETITION FOR ARBITRATION BY)
ITC^DELTACOM COMMUNICATIONS,)
INC. WITH BELL SOUTH)
TELECOMMUNICATIONS, INC.,)
PURSUANT TO THE)
TELECOMMUNICATIONS ACT OF 1996)

DOCKET NO. 99-00430

DIRECT TESTIMONY OF DON J. WOOD
ON BEHALF OF ITC^DELTACOM COMMUNICATIONS, INC.

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FILE

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Don J. Wood. I am employed as a Regional Director of Klick, Kent & Allen,
3 Inc. ("KKA"), an economic and financial consulting firm. My business address is 914
4 Stream Valley Trail, Alpharetta, Georgia, 30022. I provide economic and regulatory
5 analysis of the telecommunications, cable, and related "convergence" industries, with an
6 emphasis on economic policy, development of competitive markets, and cost of service
7 issues.

8 Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.

9 A. I received a B.B.A. in Finance with distinction from Emory University and an M.B.A. with
10 concentrations in Finance and Microeconomics from the College of William and Mary.
11 My telecommunications experience includes employment at both a Regional Bell
12 Operating Company ("RBOC") and an Interexchange Carrier ("IXC").

13 I was employed in the local exchange industry by BellSouth Services, Inc. in its
14 Pricing and Economics, Service Cost Division. My responsibilities included performing
15 cost analyses of new and existing services, preparing documentation for filings with state
16 regulatory commissions and the Federal Communications Commission ("FCC"),
17 developing methodology and computer models for use by other analysts, and performing
18 special assembly cost studies. I was also employed in the interexchange industry by MCI
19 Telecommunications Corporation, as Manager of Regulatory Analysis for the Southern
20 Division. In this capacity I was responsible for the development and implementation of
21 regulatory policy for operations in the southern U. S. I then served as a Manager in the

1 Economic Analysis and Regulatory Affairs Organization, where I participated in the
2 development of regulatory policy for national issues.

3 Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE STATE
4 REGULATORS?

5 A. Yes. I have testified on telecommunications issues before the regulatory commissions of
6 twenty-five states, Puerto Rico, and the District of Columbia. I also have presented
7 testimony regarding cost of service and competitive market issues in both state and federal
8 court and have presented comments to the FCC. I have presented testimony on
9 telecommunications issues to the Authority, and its predecessor, the Tennessee Public
10 Service Commission, on a number of occasions. A listing of my previous testimony is
11 attached as Exhibit DJW-1.

12 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

13 A. I have been asked by ITC^DeltaCom ("ITC^D") to address several issues relating to the
14 Interconnection Agreement that ITC^D is attempting to negotiate with BellSouth. In
15 particular, I have been asked to address economic and policy issues associated with
16 Operational Support Systems ("OSS"), collocation, rates for certain Unbundled Network
17 Elements ("UNEs"), and a number of miscellaneous issues.

18 Many of these issues were addressed in the Authority's Interim Order in Docket
19 No. 97-01262. I have reviewed the Authority's conclusions in that Interim Order and
20 have concluded if those findings are made permanent, the majority of the outstanding
21 issues related to OSS and UNE rates will be resolved. In the case of combinations of
22 UNEs (including but not limited to the provisioning and pricing of the extended loops

1 being requested by ITC^D), however, the Authority will need to reach conclusions on
2 issues not covered in the Interim Order.

3 This proceeding deals with many of the “nuts and bolts” that must be in place to
4 encourage – and ultimately to make possible -- competitive entry into the basic local
5 exchange markets in Tennessee.

6 Section I of my testimony provides the conceptual framework for developing and
7 implementing these essential “nuts and bolts.” I discuss the fundamental economic
8 principles that provide a guide to the Authority when evaluating the numerous issues that
9 are being presented to it in this proceeding. Section II addresses OSS issues in light of
10 these principles. Section III discusses certain collocation issues related to both rates and
11 terms and conditions. Section IV addresses the rates for certain UNEs. Section V covers
12 a series of miscellaneous, but important, issues.

13 **SECTION I: FUNDAMENTAL ECONOMIC PRINCIPLES THAT THE**
14 **AUTHORITY SHOULD APPLY WHEN EVALUATING THE PARTIES’**
15 **POSITIONS IN THIS PROCEEDING**

16 Q. PLEASE DESCRIBE THE ECONOMIC CONTEXT IN WHICH THIS PROCEEDING
17 IS BEING UNDERTAKEN.

18 A. The Federal Telecommunications Act of 1996 (“1996 Act”) holds out the promise of
19 fundamentally changing the way in which telecommunications services are provided to
20 consumers – particularly the creation of full-service providers that can offer local and
21 long-distance services in combination. In order for this to happen, customers must
22 perceive – and perceive correctly -- that it is as easy to change local carriers as it has
23 become for them to change long distance carriers.

1 Q. HOW DOES THIS MARKET REALITY AFFECT THE ISSUES BEFORE THE
2 AUTHORITY IN THIS PROCEEDING?

3 A. Given the strong customer focus on convenience, reliability, and cost, there are a number
4 of ways in which incumbent local exchange carriers (“ILECs”), such as BellSouth, can
5 create entry barriers. These barriers can delay and ultimately prevent the development of a
6 competitive local exchange market in Tennessee. In my view, there are five areas that are
7 critical to creation of an opportunity for widespread meaningful local competition to
8 develop:

9 • Carriers must easily and reliably be able to order network elements, and
10 combinations of those elements, including those that involve the local switching
11 UNE. The local switching network element is critical to fostering local
12 competition because it is where services are defined, minutes are recorded, and
13 customer requests are filled electronically.

14 • Network element prices must accurately track the manner in which an
15 efficient ILEC – using equipment, facilities, and capabilities that are currently
16 available – would incur its costs. Prices based on these costs, which are often
17 referred to as Total Element Long Run Incremental Costs (“TELRIC”) are
18 consistent with prices one observes, over the long run, in competitive markets.

19 • In order to develop appropriate prices for UNEs, it is critical that the cost
20 studies being relied upon by BellSouth to justify both recurring and non-recurring
21 charges be fully-available to the Directors, Staff and to the parties, in electronic
22 (functioning) format, for full review. Furthermore, these studies, and the

1 underlying input data, should be provided with sufficient time to permit the parties
2 to understand the network architecture, unit cost, and operating assumptions being
3 employed, in order to ensure that they properly reflect forward-looking principles
4 and are fully compliant with the applicable legal standards.

5 • Overstated non-recurring charges (“NRCs”) create substantial barriers to
6 local competition by making it more expensive and/or less convenient for end users
7 to choose a Competitive Local Exchange Carrier (“CLEC”) as his or her local
8 service provider. The competitive effect of NRCs as a barrier to entry makes it
9 critical that the Authority and the parties have the opportunity to carefully
10 scrutinize any claimed cost justification for such charges. As in the case of
11 recurring charges, cost studies supporting NRCs should be based on a forward-
12 looking environment in which electronic operational support systems are assumed
13 to be available and operating effectively (with minimal “fall-out” rates). This will
14 result in costs for provisioning and maintaining the network elements that are
15 consistent with a competitive market model.

16 • One-time costs that BellSouth may incur to implement the required OSS
17 should not be included in the recurring or non-recurring costs of individual UNEs
18 for two reasons. First, every carrier, whether ILEC or CLEC, will incur costs to
19 transition to the industry structure contemplated by the Act. As a result, there is
20 no rationale for permitting BellSouth, alone, to impose *its* “transition” costs on its
21 potential competitors. Second, BellSouth will enter the long distance market using
22 OSS that long distance carriers already have paid to implement. Thus, any

1 decision that permits BellSouth to shift its costs to CLECs will provide it with a
2 significant competitive advantage, and destroy the competitive balance envisioned
3 by the 1996 Act.

4 Achieving the conditions for widespread entry into local exchange markets – *i.e.*,
5 an environment in which customers can easily, reliably, and inexpensively change local
6 service providers – is a prerequisite to achieving the local competition envisioned by the
7 1996 Act.¹ To move its local customers to its long-distance services, once it is authorized
8 to provide inter-exchange services, BellSouth will rely upon highly efficient, software-
9 defined, electronic flow-through processes.

10 Q. WHAT IS THE AUTHORITY'S ROLE IN THIS PROCESS?

11 A. The Authority's scrutiny in this proceeding is required to provide CLECs, such as ITC[^]D,
12 with comparable capabilities, *i.e.*, to offer local exchange services rapidly, reliably, and
13 over a wide service area. These capabilities are essential to creating a realistic opportunity
14 for the development of competitive telecommunications markets. The Authority must
15 ensure that the recurring and non-recurring rates that it sets *and the terms and conditions*
16 *that it requires*, satisfy these standards. The costs of manual systems, excessive errors
17 (and the costs of correcting them), and collocation arrangements that fail to satisfy these
18 goals are *irrelevant* to determining the prices and terms and conditions that BellSouth
19 should be permitted to seek. It will not be possible to change a customer's choice of local

¹ Public policy favors widespread entry. The 1996 Act is intended to bring the potential benefits of competition to as many customers as possible. While targeted local market entry is the most viable short-term entry strategy, local competition will never be robust while large numbers of customers remain effectively captive to the ILECs.

1 provider with sufficient speed and accuracy, at a reasonable price, unless that choice can
2 be automated. Furthermore, in order to meet the non-discrimination requirements of the
3 1996 Act, these choices must be met at a rate no slower than, and with an accuracy equal
4 to, the rate at which BellSouth will be able to move customers to its long distance
5 services. If OSS favor BellSouth as the full-service provider – *i.e.*, if customers can
6 quickly, inexpensively, and reliably select BellSouth to provide both local and long
7 distance, but cannot select a competing carrier such as ITC^D just as quickly,
8 inexpensively, and reliably, then meaningful competition simply cannot develop. Put
9 simply, if OSS favor BellSouth the Tennessee consumers of these services will be the
10 losers.

11 Q. PLEASE SUMMARIZE YOUR OPINION OF WHAT IS NECESSARY FOR
12 COMPETITION TO DEVELOP.

13 A. The evolution of broad-based local competition will depend on (1) the CLECs' abilities to
14 quickly and reliably order UNEs to serve customers, with the change in the customer's
15 local carrier accomplished through electronic, flow-through OSS that recognize a new
16 carrier of record, and (2) this Authority's efforts to ensure that prices and terms and
17 conditions reflect the appropriate fundamental economic principles and applicable legal
18 standards.

19 **SECTION II: THE IMPORTANCE OF EFFECTIVE AND EFFICIENT**
20 **OPERATIONAL SUPPORT SYSTEMS AND THE APPROPRIATE**
21 **MEANS OF COST RECOVERY**

22 Q. WHAT ARE THE OSS ISSUES THAT YOU ARE ADDRESSING IN THIS
23 PROCEEDING?

1 A. ITC^D's concerns with the negotiation of OSS charges center around the lack of
2 justification for BellSouth's proposed OSS-related NRCs, and the fact that the existing
3 OSS employed by BellSouth is not workable. I will address the rate issues in my
4 testimony. The problems with the operation of BellSouth's OSS are discussed by Mr.
5 Rozycki, Mr. Thomas, and Mr. Hyde.

6 At page 32 of its Interim Order, the Authority concluded that "both ILEC and
7 CLEC customers will receive benefit from the Operational Support Systems, all carriers
8 should bear a portion of the costs in recurring prices. Based on this observation, the
9 Authority then found that (1) "costs associated with OSS should be recovered from all
10 carriers (ILECs, CLECs)," and (2) "all OSS costs should be removed from the
11 nonrecurring rates." If this decision is made permanent, the outstanding issues between
12 the parties to this arbitration will be resolved. Because the Authority's conclusions have
13 not been finalized, however, I will address the ITC^D's OSS proposal below in my
14 testimony.

15 Q. WHAT ARE THE CRITERIA THAT THE AUTHORITY SHOULD CONSIDER
16 WHEN EVALUATING THE PARTIES' POSITIONS ON THIS ISSUE?

17 A. Nonrecurring costs for OSS are based on two different categories of activities. The first
18 category includes expenses associated with *using* OSS to execute an order for a network
19 element or for interconnection. Proper estimation of the relevant, i.e. forward-looking
20 costs of these ongoing transactions (which, while ongoing, are nonrecurring for any given
21 order) is critical. The second (although as I will describe below, inappropriate) category
22 of NRCs associated with OSS are the one-time costs required to *establish*, initially, the

1 systems that permit automated ordering, provisioning, and maintenance of UNEs and
2 interconnection required by the 1996 Act. The conceptual issues presented by these two
3 categories of NRCs are substantially different.

4 Q. WHAT ARE THE ECONOMIC ISSUES ASSOCIATED WITH THE ONGOING
5 COSTS OF OSS?

6 A. With respect to the NRCs associated with the ongoing use of OSS systems to obtain (or
7 modify) UNEs and interconnection, two observations are critical. First, NRCs must be
8 calculated on the basis of the forward-looking costs associated with fully implemented,
9 electronic flow-through systems, *that are functioning properly*. The costs associated with
10 interim, manual systems – or with electronic systems that are not working properly or not
11 providing the full functionality required to provide service to the end-use customer that is
12 comparable to the service it receives from BellSouth – are not relevant.

13 Second, it is important for the Authority to remain mindful that excessive or
14 unnecessary NRCs inherently constitute barriers to competition. They come into play at a
15 critical competitive decision point, i.e., when a customer first investigates the possibility of
16 switching local carriers or otherwise modifying existing services. Because NRCs can
17 work against the otherwise free exercise of consumer choice, it is critical that they fully
18 reflect efficient costs and be developed and applied in a non-discriminatory manner.

19 In evaluating BellSouth's proposals, the Authority should ensure that its NRCs for
20 OSS are based upon the same TELRIC principles that have been adopted by the FCC for
21 UNE prices. The consumer benefits of establishing TELRIC-based recurring costs for
22 UNEs and for interconnection will be significantly diminished – if not eliminated -- if the

1 NRCs that must be paid to obtain them are not also grounded in these fundamental cost
2 principles. Specifically,

- 3 • Cost-based rates for NRCs should comply with the FCC's Orders requiring
4 electronic interfaces to the OSS for ordering, billing, provisioning and maintenance
5 (such systems were to be made available by January 1, 1997).
- 6 • NRC studies should be based on the cost to provide network elements
7 using the most efficient technology currently available.
- 8 • NRCs should reflect systems that are consistent with the Total Network
9 Management ("TNM") guidelines that have been issued by Bellcore.

10 The principle flaw in most ILEC NRC studies is that these studies reflect existing
11 OSS that were designed in a monopoly market. Costs associated with BellSouth's
12 *existing* systems, however, are not relevant to determining the cost to provision network
13 elements in the environment envisioned by the 1996 Act. If BellSouth – or any ILEC – is
14 to be fully compensated for *any* cost it incurs, regardless of how inefficiently such a cost is
15 incurred or how much of a disadvantage it creates for a competitor, then there is no
16 incentive created for BellSouth to provide the OSS capabilities efficiently and in a non-
17 discriminatory manner. In a competitive market, providers are forced by the marketplace
18 to be efficient and to provide superior service. If they do not, consumers will choose to
19 receive service from a competitor.

20 Q. WHY SHOULD THE AUTHORITY IMPOSE THIS STANDARD ON NRC
21 DEVELOPMENT?

1 A. By imposing this competitive standard on BellSouth's development of NRCs, the
2 Authority creates incentives consistent with those that would be experienced by BellSouth
3 if the market were competitive. In its *First Report and Order*, the FCC correctly
4 concluded that prompt implementation of efficient and inexpensive order processing and
5 interface systems is essential to the creation of a competitive local exchange market. For
6 this reason, the FCC set a specific deadline for achieving full mechanization:

7 In all cases, however, we conclude that in order to comply fully with Section
8 251(c)(3) an incumbent LEC must provide, upon request, nondiscriminatory access to
9 operations support systems functions for pre-ordering, ordering, provisioning,
10 maintenance and repair, and billing of unbundled network elements under section
11 251(c)(3) and resold services under section 251(c)(4). Incumbent LECs that currently do
12 not comply with this requirement of section 251(c)(3) must do so as expeditiously as
13 possible, but in any event no later than January 1, 1997.²

14 BellSouth has not yet satisfied the FCC Order requiring automated OSS – a fact
15 which is discussed in detail by ITC^D witness Thomas Hyde. Nevertheless, the NRCs that
16 the Authority authorizes in this proceeding must reflect the costs of efficient, functioning
17 electronic flow-through processes, *even if they have not been fully implemented*. ILECs
18 such as BellSouth have tremendous incentives to delay the implementation of such systems
19 and to overstate their costs in order to raise the costs of potential competitors.³

² *First Report and Order*, CC Docket 96-98, ¶525.

³ This in turn causes CLEC costs to rise even further by preventing CLECs from achieving the economics of scope and scale enjoyed today by the ILECs.

1 By establishing prices in this manner, the Authority will provide the required
2 motivation for BellSouth to implement these essential OSS that are fully functional and
3 which operate efficiently.

4 The fundamental intent of the 1996 Act is to *eliminate* barriers to entry in the local
5 market, while the inescapable effect of excessive or unnecessary NRCs is to *create* such
6 barriers. Because NRCs are imposed when change occurs – when a network element is
7 initially obtained, reconfigured, or modified to permit the CLEC to offer an innovative
8 service – they fundamentally act to protect the status quo. Because virtually all local
9 customers currently are served by ILECs, any charge tied to a decision to change
10 constitutes a barrier to the exercise of that choice. This in turn shields the ILEC from the
11 competitive pressures that serve as the cornerstone of a market economy, and that the
12 1996 Act relies upon to create incentives for carriers to reduce rates and to innovate.

13 Q. WHY SHOULD THE COST TO DEVELOP THE NECESSARY OSS (WHAT YOU
14 REFERRED TO EARLIER AS “TRANSITION COSTS”) NOT BE INCLUDED IN
15 NRCS ASSOCIATED WITH OSS?

16 A. While the costs to *use* OSS may be legitimate non-recurring charges, the costs to *establish*
17 those systems are not. Every carrier must incur costs to allow the changes envisioned by
18 the 1996 Act to become a reality. The fact that BellSouth’s network monopoly provides it
19 the opportunity to impose its costs on CLECs does not mean that it should be entitled to
20 do so. There are a number of reasons why this should not be permitted.

21 Q. PLEASE EXPLAIN YOUR RATIONALE FOR THE DISTINCTION BETWEEN OSS
22 DEVELOPMENT AND OSS USE.

1 A. First, electronic gateways and the downstream OSS that allow competing carriers to have
2 real-time electronic access is a requirement of the 1996 Act, reflecting the public
3 telecommunications policy adopted by Congress. These transition costs are not
4 attributable to a particular carrier's competitive entry into the local exchange market.
5 Instead, they derive from the 1996 Act's requirement that local exchange markets should
6 be open to competition. Congress frequently enacts laws that increase costs for market
7 participants affected by those laws. Thus, there is nothing particularly unusual about the
8 OSS requirements imposed by the 1996 Act – it is only the monopoly position enjoyed by
9 BellSouth and other ILECs that creates the possibility that it could impose its costs of
10 compliance on its competitors (in addition to their own compliance costs).

11 Second, the new OSS implemented by BellSouth will benefit its own retail
12 customers. When it provides retail services, BellSouth is essentially a “purchaser” of
13 UNEs – in fact, it is the largest single purchaser of UNEs within its existing service
14 territory. Upgrading its OSS will improve the efficiency of its own operations and extend
15 the benefits of competition to all consumers, including existing and future BellSouth
16 customers.

17 Finally, BellSouth does not uniquely or disproportionately incur OSS costs
18 required to achieve the pro-competitive environment envisioned by the 1996 Act. For
19 every operating system that BellSouth installs to support local competition, each CLEC
20 must develop and install a corresponding system on its side of the gateway interface.
21 There is no reason to expect that BellSouth's costs would be significantly higher than

1 CLEC participants in the market, particularly when one takes into account the economies
2 of scale that ILECs are able to achieve.

3 The equitable solution to the recovery of these transition costs is clear – each
4 carrier, including both ILECs and CLECs, must develop an effective and efficient OSS.
5 Each carrier should bear its costs of developing and implementing such a system. No
6 carrier should be permitted to use existing market power to impose its costs on another
7 carrier or carriers.

8 Q. DOES THE FACT THAT ILECS ARE REQUIRED BY THE 1996 ACT TO INCUR
9 THESE TRANSITION COSTS, WHILE CLECS HAVE NO SUCH LEGAL
10 REQUIREMENT, AFFECT YOUR OBSERVATIONS?

11 A. No. While CLECs may not have a legal requirement, as a practical matter they must
12 possess these systems. An argument in support of the recovery of BellSouth's OSS
13 development costs from competing carriers ignores structural changes that are likely to
14 result as the competitive environment contemplated by the 1996 Act becomes a reality; a
15 reality which will create significant opportunities for the emergence of full-service
16 providers, particularly ILECs.⁴

⁴ Of course, if BellSouth or other ILECs are permitted to enjoy the substantial competitive advantage that would be created by managing to force CLECs to pay *both* its own OSS development and deployment costs *and* those incurred by the ILECs, the likelihood of any such competition emerging is diminished significantly.

1 By including the conditional promise of interLATA authority, the 1996 Act places
2 significant pressure on long distance carriers, and other CLECs, to enter the local market
3 so that they are positioned to respond with full-service packages of their own.⁵

4 It is also important, as I noted above, to keep in mind that, when this happens,
5 ILECs will be entering a long distance market characterized by mature, state-of-the-art
6 OSS. This will substantially facilitate inexpensive entry using systems that the long
7 distance industry has paid for and implemented.⁶

8 Q. IF THE AUTHORITY SHOULD CONCLUDE, DESPITE YOUR
9 RECOMMENDATION, THAT BELLSOUTH SHOULD BE PERMITTED TO
10 RECOVER SOME PORTION OF TRANSITION COSTS FROM CLECS, ARE THERE
11 PRINCIPLES THAT SHOULD GUIDE ITS DELIBERATIONS ON THIS ISSUE?

12 A. As stated above, I believe there are compelling reasons not to permit BellSouth (or other
13 ILECS) to recover their transition costs as part of NRCs associated with OSS. However,
14 if the Authority concludes that BellSouth should be permitted to recover some of these
15 costs from Tennessee's ratepayers, it should follow these principles in doing so:

⁵ Thus, the 1996 Act provides a compensating incentive for BellSouth to open its markets to competition, *i.e.*, in-region, inter-LATA entry.

⁶ At the time of divestiture, the nation's telecommunications infrastructure was not designed to support competitive long distance carriers. The necessary systems to provide "seamless" competition to consumers – including state-of-the-art OSS systems – have been designed and fully implemented. In short, the operational barriers to long distance competition are gone. These systems are available for use by BellSouth, and other ILECs, once they meet the requirements for receipt of authority to enter the interLATA market. Permitting ILECs to benefit from these systems, without paying for "transition costs," while forcing CLECs to pay ILECs' transition costs in the local exchange arena would place CLECs at a tremendous competitive disadvantage.

- 1 • Whatever portion of these transition costs BellSouth is permitted to impose
- 2 should be recovered in a competitively-neutral and non-discriminatory manner,
- 3 which recognizes that BellSouth's customers also benefit from the local
- 4 competition and should, therefore, defray a *pro rata* share.
- 5 • CLECs should not pay BellSouth for upgrading systems which would
- 6 benefit its retail services.
- 7 • These costs should not be assessed as NRCs, but should be amortized over
- 8 the expected economic life of the OSS.

9 Q. WHAT EFFECT DOES THE REQUIREMENT FOR NON-DISCRIMINATORY
10 ACCESS TO OSS HAVE ON YOUR RECOMMENDATIONS?

11 A. Both the 1996 Act and the FCC's regulations require that access to OSS be provided on a
12 non-discriminatory basis. In this context, *non-discriminatory* means that access to these
13 systems by CLECs is indistinguishable, both technically and economically, from the way
14 ILECs use these systems. The most straight-forward way to ensure this is to develop the
15 costs associated with this transition of OSS systems in a competitively neutral manner –
16 ensuring that each customer pays some share of the costs, regardless of which company
17 provides its local service. The only truly competitively neutral mechanism, of course, is
18 for each carrier to be fully responsible for its own OSS. If the Authority concludes that
19 some portion of BellSouth's OSS transition costs are to be paid for by CLECs, the most
20 competitively neutral mechanism would be a per customer charge that includes *all* retail
21 customers in the denominator of the calculation and which amortizes the costs over the
22 appropriate economic life of the assets.

**SECTION III: COLLOCATION RATES, TERMS, AND CONDITIONS
SHOULD REFLECT THE FORM OF COLLOCATION BEING UTILIZED
AND NOT CREATE ADDITIONAL BARRIERS TO ENTRY**

1 **SECTION III: COLLOCATION RATES, TERMS, AND CONDITIONS**
2 **SHOULD REFLECT THE FORM OF COLLOCATION BEING UTILIZED**
3 **AND NOT CREATE ADDITIONAL BARRIERS TO ENTRY**
4 Q. IN ITS INTERIM ORDER IN DOCKET NO. 97-01262, THE AUTHORITY
5 ADDRESSED THE ISSUE OF THE APPLICABLE RATES FOR PHYSICAL
6 COLLOCATION. IS THE FORM OF COLLOCATION AT ISSUE IN THIS
7 PROCEEDING THE SAME AS THE ONE AT ISSUE IN DOCKET NO. 97-01262?

8 A. No. In the generic cost proceeding, the Authority was presented with cost information
9 related to the construction of walled enclosures for collocation. Pursuant to the FCC's
10 Advanced Wireline Services Order, ITC^D will be utilizing "cageless collocation" in
11 BellSouth central offices in order to offer its services. As a result, it will be necessary to
12 establish an additional set of rates that will apply to this new arrangement.

13 Q. WHAT IS "CAGELESS COLLOCATION"?

14 A. A cageless collocation arrangement permits a CLEC, such as ITC^D, to place certain
15 equipment in the BellSouth central office for the purpose of interconnecting with the
16 BellSouth network. ITC^D owns the equipment and retains all responsibility for its care
17 and maintenance. In contrast to "caged" or "walled" collocation, however, this
18 equipment is not physically separated from BellSouth's network equipment by the erection
19 of physical barriers or the deployment of separate supporting facilities (such as HVAC).

20 Q. HAS BELL SOUTH PRODUCED COST STUDY RESULTS UPON WHICH COST
21 BASED RATES FOR CAGELESS COLLOCATION CAN BE ESTABLISHED?

22 A. No.

1 Q. IN THE ABSENCE OF SUCH A COST STUDY, HOW CAN APPROPRIATE RATES
2 FOR CAGELESS COLLOCATION BE DETERMINED?

3 A. BellSouth's tariffed rates for virtual collocation (FCC Tariff No. 1, section 20), with
4 appropriate adjustment, should be adopted as interim rates subject to true-up. When
5 BellSouth produces the results of a cost study for cageless collocation the Authority can
6 adopt these results and set permanent rates.

7 The existing rates for virtual collocation can serve as a reasonable proxy for
8 physical cageless collocation rates because of the similarities between the two
9 arrangements. In a virtual collocation arrangement, the CLEC purchases the necessary
10 equipment from a vendor and sells it to the ILEC for a nominal price, the ILEC purchases
11 the equipment on the CLECs behalf, or the ILEC leases (for a nominal rate) the equipment
12 from the CLEC. Regardless of the acquisition scenario, the ILEC then places the
13 equipment into service (under its control) in its central office, providing interconnection
14 between the two networks. The "virtually collocated" equipment is not physically
15 separated by either cages or walls in a defined space, and does not require separate
16 support services (such as HVAC). Similarly, in a physical cageless collocation
17 arrangement BellSouth will place ITC^D's equipment into service within its central office,
18 again not physically separate by cages or walls and without the requirement of separate
19 support systems. As a result, the costs imposed on BellSouth for the space occupied by
20 the ITC^D equipment are directly comparable.

21 Q. YOU STATED THAT IT IS NECESSARY TO ADJUST THE EXISTING VIRTUAL
22 COLLOCATION RATES IN ORDER TO DEVELOP THE APPROPRIATE INTERIM

1 RATES FOR PHYSICAL CAGELESS COLLOCATION. WHY IS SUCH AN
2 ADJUSTMENT NECESSARY?

3 A. The difference in the control of the equipment – and the associated maintenance
4 responsibilities – directly affects the cost to BellSouth and creates the need for an
5 adjustment to the rates. In a virtual collocation arrangement, BellSouth owns the
6 equipment and incurs the expense of maintaining it. In contrast, in a physical cageless
7 collocation arrangement ITC^D will own and maintain the equipment. As a result,
8 BellSouth will experience a cost savings equal to the maintenance expense.

9 The appropriate amount of the required adjustment can be ascertained directly
10 from cost information developed by BellSouth in the ordinary course of business. When
11 conducting its cost studies, BellSouth converts investments to annual cost through the
12 application of Annual Cost Factors (“ACFs”). A discrete and separately identified portion
13 of these ACFs represents the maintenance costs in question, specific to each class of
14 equipment (identified by separate USOA account codes). By zeroing out this maintenance
15 component in the applicable ACFs used in its virtual collocation cost study, BellSouth can
16 easily recalculate the relevant costs – and therefore interim rates – for physical cageless
17 collocation.

18 Q. IS THERE AN ADDITIONAL ISSUE RELATED TO COLLOCATION TERMS AND
19 CONDITIONS THAT YOU WISH TO ADDRESS?

20 A. Yes. It relates to the provisioning interval for physical cageless collocation. ITC^D has
21 requested that BellSouth commit to a 30-day turnaround time for such a collocation
22 arrangement. While such a provisioning interval is significantly shorter than for walled or

1 caged collocation, it is reasonable. In a cageless arrangement, BellSouth will not need to
2 determine if room exists within its central office for the construction of a physically
3 separated space, design the enclosure, or have it constructed. The provisioning interval
4 for cageless collocation should also be shorter than that for virtual collocation, because of
5 the lack of the administrative tasks associated with the exchange of ownership of the
6 equipment.

7 **SECTION IV: COST BASED RATES FOR UNES MUST BE**
8 **ESTABLISHED PURSUANT TO THE APPLICABLE LEGAL REQUIREMENTS**

9 Q. WHAT RATES REMAIN AT ISSUE IN THIS ARBITRATION?

10 A. To date, BellSouth and ITC[^]D have failed to reach agreement on the rates including, but
11 not limited to, the following network elements: Unbundled loop, 2 wire and 4 wire,
12 Service Level 2 (Nonrecurring and Recurring Rates); HDSL loop, 2 wire and 4 wire
13 (Nonrecurring Rates); ADSL loop, 2 wire (Nonrecurring Rates).

14 Q. WHY ARE THESE RATES AT ISSUE IN THIS ARBITRATION?

15 A. In its recent decision, the United States Supreme Court ended the Eighth Circuit Court's
16 stay of the FCC's pricing rules as adopted in its August 8, 1996 Order in CC Docket No.
17 96-98. These rules implement the so-called TELRIC standard.

18 In its Interim Order, the Authority addressed the development of these rates. At
19 the time that evidence was produced by the parties in Docket No. 97-01262, however, the
20 FCC's pricing rules had been stayed. The application of these rules may impact the cost
21 of certain UNEs, and will certainly impact the cost and availability of combinations of
22 those UNEs, including the extended loops being requested by ITC[^]D.

Because of the way that it is designed (the relevant characteristics of which are fixed and cannot be changed by altering inputs), BellSouth's cost model as presented to the Authority and used by BellSouth to develop recurring loop rates cannot be used to produce results that comply with the FCC's TELRIC standard, and cannot determine the relevant cost of combinations of UNEs, which BellSouth must now provide. I am attempting to determine whether BellSouth's model used to develop nonrecurring costs can be used to develop costs consistent with this standard. ITC⁴D has recently been provided with copies of the relevant studies, and I will supplement my testimony when I have had the opportunity to complete my analysis.

SECTION V: OTHER ISSUES

11 Q. EARLIER IN YOUR TESTIMONY YOU REFERRED TO A NUMBER OF
12 ADDITIONAL IMPORTANT ISSUES THAT YOU HAVE BEEN ASKED TO
13 ADDRESS. WHAT ARE THOSE ISSUES?

14 A. These issues relate to (1) disconnect charges, (2) resolving reported line trouble on
15 unbundled loops, (3) transmission and routing of exchange access traffic, and (4) access to
16 the Regional Street Address Guide (“RSAG”).

17 Q. BELLSOUTH SEEKS TO ELIMINATE LANGUAGE IDENTIFYING
18 CIRCUMSTANCES IN WHICH ITC^D WOULD NOT BE RESPONSIBLE FOR
19 DISCONNECT CHARGES. WHAT IS THE ISSUE IN DISPUTE?

20 A. BellSouth seeks to assess ITC^D disconnect charges any time ITC^D loses a customer –
21 even if no physical disconnection takes place. There are two issues here: A question of
22 timing, and a question of double counting of costs. I will discuss each issue in turn.

1 First, when dealing with retail customers it is standard practice for a LEC to
2 charge for service disconnection at the time service is installed because of concern that the
3 customer would disappear without paying the disconnect charge. Wholesale customers
4 such as CLECs, however, have an ongoing relationship with BellSouth and as a result this
5 concern does not exist. It is clear, therefore, that -- at a minimum -- disconnect charges
6 should not be assessed to CLECs until the customer actually leaves the system.

7 Second, disconnect charges should not be assessed if a disconnect does not
8 actually occur. In many cases, a line is not disconnected even when a customer leaves the
9 premises. Instead, the line is maintained in "soft dial tone" mode pending the occupation
10 of the premises by another customer seeking telephone service. It is clearly not
11 appropriate to assess a nonrecurring charge, whose calculation is based on work times for
12 a physical disconnection, when no such physical disconnection takes place.

13 Even when a disconnect *does* take place, the nonrecurring charge for
14 disconnection may still not be applicable.⁷

15 If the disconnect is the result of a customer's decision to select *another* local
16 service provider -- either the ILEC or another CLEC -- the disconnect from the initial local
17 service provider and the connect to the new local service provider are a single activity.
18 Under such a circumstance, it would be an overcharge to assess *both* a connect charge and
19 a disconnect charge, because both would represent the same work activity. The language

⁷ Only in unlikely combinations of circumstances would BellSouth face a situation in which a physical disconnect would not be associated with a reconnection of the circuit. As a result, incremental work activities for a disconnect -- and the resulting costs -- should prove to be rare.

1 ITC^D seeks to incorporate into the agreement properly seeks to avoid this double-
2 counting of BellSouth's costs.

3 At page 35 of its Interim Order, the Authority addressed the issue of disconnect
4 costs. If the conclusions of the Authority are made final and the Authority clarifies its
5 language to prevent the double recovery of costs described above, the issue between the
6 parties will be resolved.

7 Q. WHAT ARE THE DISAGREEMENTS CONCERNING REPORTED LINE
8 TROUBLES ON UNBUNDLED LOOPS?

9 A. In both paragraphs 2.2.7 and 2.2.8 (concerning reported line troubles on Level 1 and
10 Level 2 loops, respectively), the draft agreement provides that:

11 [i]f ITC/DeltaCom reports a trouble on SL1 [SL2] loops and no
12 trouble actually exists, BellSouth will charge ITC/DeltaCom for any
13 dispatching and testing (both inside and outside the CO) required
14 by BellSouth in order to confirm the loop's working status. The
15 application rate is in FCC No.1, Section 13. If a No Trouble Found
16 status is later proven to be a BellSouth trouble . . . BellSouth will
17 waive any assessed testing and dispatch charges.

18 ITC^D seeks to add the following language, to which BellSouth objects:

19 BellSouth shall reimburse ITC^DeltaCom for any additional costs
20 associated with isolating the trouble to BellSouth's facilities and/or
21 equipment.

22 Clearly, the required language is necessary to put CLECs such as ITC^D on equal
23 footing with BellSouth. Under the language to which the parties agree, BellSouth is
24 compensated for its costs of establishing that the line trouble is on the CLEC's system.
25 All ITC^D seeks to achieve is parity – to be compensated for expenses it incurs to
26 establish that the trouble is on BellSouth's system.

1 It makes no sense *not* to impose parity on the parties. The language in the first
2 two sentences of these paragraphs obviously is designed to encourage ITC^D to test its
3 own system before reporting a line trouble to BellSouth. If ITC^D erroneously reports
4 the trouble to BellSouth for correction, these sentences require ITC^D to compensate
5 BellSouth for having to conduct such tests in vain. By the same token, however, if
6 BellSouth fails to conduct its tests and erroneously reports the trouble to ITC^D for
7 correction, or conducts its tests, initially concludes that the problem lies on ITC^D's end
8 of the operation, but it is ultimately determined that BellSouth's initial conclusion is in
9 error – BellSouth should compensate ITC^D for *its* costs of isolating the problem to
10 BellSouth's system. Merely agreeing not to charge ITC^D for what turn out to be
11 inaccurate tests does not put ITC^D on the same footing as BellSouth. The third sentence
12 is required to create this parity. Failure to insist on mirror-image payments for testing that
13 is ultimately unwarranted would create incentives for BellSouth to artificially inflate CLEC
14 costs by forcing them to test each trouble twice – once initially, before reporting it to
15 BellSouth, and again after BellSouth advises that it could not locate the trouble on its
16 system.

17 Q. DOES ITC^D PROPOSE THAT BELLSOUTH BE REQUIRED TO PROVIDE IT
18 WITH A DOWNLOAD OF THE REGIONAL STREET ADDRESS GUIDE (RSAG)?

19 A. In ¶¶4.9.4.3/4.9.4.4, Attachment 6, ITC^D proposes that BellSouth will transmit a subset
20 of the RSAG to ITC^D on a daily basis at no charge, which includes street addresses and
21 the associated serving switches, enabling ITC^D to map a customer address to a specific
22 serving switch.

1 Q. DOES THIS CONCLUDE YOUR PREFILED TESTIMONY?

2 A. Yes. Of course, I will address any additional issues raised in BellSouth's supplemental or
3 responsive testimony as allowed by the Authority. I also intend to supplement my
4 testimony as appropriate after review of BellSouth's cost studies and responses to
5 discovery.

Vita of Don J. Wood

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EDUCATION

Emory University, Atlanta, Ga.
BBA in Finance, with Distinction.

College of William and Mary, Williamsburg, Va.
MBA, with concentration in Finance and Microeconomics.

CURRENT EMPLOYMENT

Don J. Wood is a Regional Director in the firm of Klick, Kent, and Allen/FTI Consulting, Inc. He provides economic and regulatory analysis services in telecommunications, cable, and related "convergence" industries, specializing in economic policy related to the development of competitive markets and cost of service issues. Mr. Wood was a founding partner of the firm of Wood & Wood, and has been employed in a management capacity at a major Local Exchange Company and an Interexchange Carrier. In each capacity he has been directly involved in both the development and implementation of regulatory policy. The subject matter of his testimony has ranged from broad policy issues to detailed cost analysis. Mr. Wood has presented testimony before the administrative regulatory bodies of twenty-five states, the District of Columbia, and Puerto Rico. He has also presented testimony in State and Federal courts and has prepared comments for filing with the Federal Communications Commission.

PREVIOUS INDUSTRY EMPLOYMENT

BellSouth Services, Inc.

Staff Manager. Responsible for conducting cost of service studies for internal analysis and to be filed for regulatory purposes at State Commissions and the FCC.

MCI Telecommunications Corporation

Manager of Regulatory Analysis, Southeast Division. Responsible for development and implementation of regulatory policy for nine state and later fifteen state division of the company.

Manager, Corporate Economic Analysis and Regulatory Affairs. Responsible for national regulatory policy development and implementation, with specific assignments to new and complex issues.

TESTIMONY - STATE REGULATORY COMMISSIONS:

Alabama Public Service Commission

Docket No. 19356, Phase III: Alabama Public Service Commission vs. All Telephone Companies Operating in Alabama, and Docket 21455: AT&T Communications of the South Central States, Inc., Applicant, Application for a Certificate of Public Convenience and Necessity to Provide Limited IntraLATA Telecommunications Service in the State of Alabama.

Docket No. 20895: In Re: Petition for Approval to Introduce Business Line Termination for MCI's 800 Service.

Docket No. 21071: In Re: Petition by South Central Bell for Introduction of Bidirectional Measured Service.

Docket No. 21067: In Re: Petition by South Central Bell to Offer Dial Back-Up Service and 2400 BPS Central Office Data Set for Use with PulseLink Public Packet Switching Network Service.

Docket No. 21378: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. 21865: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Introduce Network Services to be Offered as a Part of Open Network Architecture.

Docket No. 25703: In Re: In the Matter of the Interconnection Agreement Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 25704: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated and CONTEL of the South, Inc. Concerning Interconnection and Resale under the Telecommunications Act of 1996.

Docket No. 25835: In Re: Petition for Approval of a Statement of Generally Available Terms and Conditions Pursuant to §252(f) of the Telecommunications Act of 1996 and Notification of Intention to File a §271 Petition for In-Region InterLATA Authority with the Federal Communications Commission Pursuant to the Telecommunications Act of 1996.

Docket No. 26029: In Re: Generic Proceeding - Consideration of TELRIC Studies.

Docket No. 25980: Implementation of the Universal Support Requirements of Section 254 of the Telecommunications Act of 1996.

Arkansas Public Service Commission

Docket No. 92-337-R: In the Matter of the Application for a Rule Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utilities Commission of the State of Colorado

Docket No. 96A-345T: In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Mountain States, Inc., and US West Communications, Inc., Pursuant to 47 U.S.C. Section 252. Docket No. 96A-366T: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc., for Arbitration Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with US West Communications, Inc. (consolidated).

Docket No. 96S-257T: In Re: The Investigation and Suspension of Tariff Sheets Filed by US West Communications, Inc., with Advice Letter No. 2608 Regarding Proposed Rate Changes.

Docket No. 98F-146T: Colorado Payphone Association, Complainant, v. US West Communications, Inc., Respondent.

State of Connecticut, Department of Utility Control

Docket 91-12-19: DPUC Review of Intrastate Telecommunications Services Open to Competition (Comments).

Docket No. 94-07-02: Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the Eight Criteria Set Forth in Section 6 of Public Act 94-83 (Comments).

Delaware Public Service Commission

Docket No. 93-31T: In the Matter of the Application of The Diamond State Telephone Company for Establishment of Rules and Rates for the Provision of IntelliLinQ-PRI and IntelliLinQ-BRI.

Docket No. 41: In the Matter of the Development of Regulations for the Implementation of the Telecommunications Technology Investment Act.

Florida Public Service Commission

Docket No. 881257-TL: In Re: Proposed Tariff by Southern Bell to Introduce New Features for Digital ESSX Service, and to Provide Structural Changes for both ESSX Service and Digital ESSX Service.

Docket No. 880812-TP: In Re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount.

Docket No. 890183-TL: In Re: Generic Investigation into the Operations of Alternate Access Vendors.

Docket No. 870347-TI: In Re: Petition of AT&T Communications of the Southern States for Commission Forbearance from Earnings Regulation and Waiver of Rule 25-4.495(1) and 25-24.480 (1) (b), F.A.C., for a trial period.

Docket No. 900708-TL: In Re: Investigation of Methodology to Account for Access Charges in Local

Exchange Company (LEC) Toll Pricing.

Docket No. 900633-TL: In Re: Development of Local Exchange Company Cost of Service Study Methodology.

Docket No. 910757-TP: In Re: Investigation into the Regulatory Safeguards Required to Prevent Cross-Subsidization by Telephone Companies.

Docket No. 920260-TL: In Re: Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization, Implementation Orders, and Other Relief.

Docket No. 950985-TP: In Re: Resolution of Petitions to establish 1995 rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.

Docket No. 960846-TP: In Re: Petition by MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. for Arbitration of Certain Terms and Conditions of a proposed agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 and Docket No. 960833-TP: In Re: Petition by AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 960847-TP and 960980-TP: In Re: Petition by AT&T Communications of the Southern States, Inc., MCI Telecommunications Corporation, MCI Metro Access Transmission Service, Inc., for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Florida Incorporated Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 961230-TP: In Re: Petition by MCI Telecommunications Corporation for Arbitration with United Telephone Company of Florida and Central Telephone Company of Florida Concerning Interconnection Rates, Terms, and Conditions, Pursuant to the Federal Telecommunications Act of 1996.

Docket No. 960786-TL: In Re: Consideration of BellSouth Telecommunications, Inc.'s Entry Into InterLATA Services Pursuant to Section 271 of the Federal Telecommunications Act of 1996.

Docket Nos. 960833-TP, 960846-TP, 960757-TP, and 971140-TP: Investigation to develop permanent rates for certain unbundled network elements.

Docket No. 980696-TP: In Re: Determination of the cost of basic local telecommunications service, pursuant to Section 364.025 Florida Statutes

Georgia Public Service Commission

Docket No. 3882-U: In Re: Investigation into Incentive Telephone Regulation in Georgia.

Docket No. 3883-U: In Re: Investigation into the Level and Structure of Intrastate Access Charges.

Docket No. 3921-U: In Re: Compliance and Implementation of Senate Bill 524.

Docket No. 3905-U: In Re: Southern Bell Rule Nisi.

Docket No. 3995-U: In Re: IntraLATA Toll Competition.

Docket No. 4018-U: In Re: Review of Open Network Architecture (ONA) (Comments).

Docket No. 5258-U: In Re: Petition of BellSouth Telecommunications for Consideration and Approval of its "Georgians FIRST" (Price Caps) Proposal.

Docket No. 5825-U: In Re: The Creation of a Universal Access Fund as Required by the Telecommunications Competition and Development Act of 1995.

Docket No. 6801-U: In Re: Interconnection Negotiations Between BellSouth Telecommunications, Inc. and AT&T Communications of the Southern States, Inc., Pursuant to Sections 251-252 and 271 of the Telecommunications Act of 1996.

Docket No. 6865-U: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Docket No. 7253-U: In Re: BellSouth Telecommunications, Inc.'s Statement of Generally Available Terms and Conditions Under Section 252 (f) of the Telecommunications Act of 1996.

Docket No. 7061-U: In Re: Review of Cost Studies and Methodologies for Interconnection and Unbundling of BellSouth Telecommunications Services.

Docket No. 10692-U: In Re: Generic Proceeding to Establish Long-Term Pricing Policies for Unbundled Network Elements.

Iowa Utilities Board

Docket No. RPU-95-10.

Docket No. RPU-95-11.

Kentucky Public Service Commission

Administrative Case No. 10321: In the Matter of the Tariff Filing of South Central Bell Telephone Company to Establish and Offer Pulselink Service.

Administrative Case No. 323: In the Matter of An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

- Phase IA: Determination of whether intraLATA toll competition is in the public interest.
- Phase IB: Determination of a method of implementing intraLATA competition.
- Rehearing on issue of Imputation.

Administrative Case No. 90-256, Phase II: In the Matter of A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

Administrative Case No. 336: In the Matter of an Investigation into the Elimination of Switched Access Service Discounts and Adoption of Time of Day Switch Access Service Rates.

Administrative Case No. 91-250: In the Matter of South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Administrative Case No. 96-431: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-478: In Re: The Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-482: In Re: The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Administrative Case No. 360: In the Matter of: An Inquiry Into Universal Service and Funding Issues.

Administrative Case No. 96-608: In the Matter of: Investigation Concerning the Provision of InterLATA Services by BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Louisiana Public Service Commission

Docket No. 17970: In Re: Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of AT&T Communications of the South Central States, Inc., in its Louisiana Operations.

Docket No. U-17949: In the Matter of an Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of South Central Bell Telephone Company, Its Louisiana Intrastate Operations, The Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company.

- Subdocket A (SCB Earnings Phase)
- Subdocket B (Generic Competition Phase)

Docket No. 18913-U: In Re: South Central Bell's Request for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. U-18851: In Re: Petition for Elimination of Disparity in Access Tariff Rates.

Docket No. U-22022: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s TSLRIC and LRIC Cost Studies Submitted Pursuant to Sections 901(C) and 1001(E) of the Regulations for Competition in the Local Telecommunications Market as Adopted by General Order Dated March 15, 1996 in Order to Determine the Cost of Interconnection Services and Unbundled Network Components to

Establish Reasonable, Non-Discriminatory, Cost Based Tariffed Rates and Docket No. U-22093: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s Tariff Filing of April 1, 1996, Filed Pursuant to Section 901 and 1001 of the Regulations for Competition in the Local Telecommunications Market Which Tariff Introduces Interconnection and Unbundled Services and Establishes the Rates, Terms and Conditions for Such Service Offerings (consolidated).

Docket No. U-22145: In the Matter of Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. U-22252: In Re: Consideration and Review of BST's Preapplication Compliance with Section 271 of the Telecommunications Act of 1996, including but not limited to the fourteen requirements set forth in Section 271 (c) (2) (b) in order to verify compliance with section 271 and provide a recommendation to the FCC regarding BST's application to provide interLATA services originating in-region.

Docket No. U-20883 Subdocket A: In Re: Submission of the Louisiana Public Service Commission's Forward Looking Cost Study to the FCC for Purposes of Calculating Federal Universal Service Support.

Public Service Commission of Maryland

Case 8584, Phase II: In the Matter of the Application of MFS Intelenet of Maryland, Inc. for Authority to Provide and Resell Local Exchange and Intrastate Telecommunications Services in Arcas Served by C&P Telephone Company of Maryland.

Case 8715: In the Matter of the Inquiry into Alternative Forms of Regulating Telephone Companies.

Case 8731: In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996.

Mississippi Public Service Commission

Docket No. U-5086: In Re: MCI Telecommunications Corporation's Metered Use Service Option D (Prism I) and Option E (Prism II).

Docket No. U-5112: In Re: MCI Telecommunications Corporation's Metered Use Option H (800 Service).

Docket No. U-5318: In Re: Petition of MCI for Approval of MCI's Provision of Service to a Specific Commercial Banking Customers for Intrastate Interexchange Telecommunications Service.

Docket 89-UN-5453: In Re: Notice and Application of South Central Bell Telephone Company for Adoption and Implementation of a Rate Stabilization Plan for its Mississippi Operations.

Docket No. 90-UA-0280: In Re: Order of the Mississippi Public Service Commission Initiating Hearings Concerning (1) IntraLATA Competition in the Telecommunications Industry and (2) Payment of Compensation by Interexchange Carriers and Resellers to Local Exchange Companies in Addition to Access Charges.

Docket No. 92-UA-0227: In Re: Order Implementing IntraLATA Competition.

Docket No. 96-AD-0559: In Re: In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 98-AD-035: Universal Service.

Docket No. 97-AD-544: In Re: Generic Proceeding to Establish Permanent Prices for BellSouth Interconnection and Unbundled Network Elements.

Nebraska Public Service Commission

Docket No. C-1385: In the Matter of a Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Midwest, Inc., and US West Communications, Inc.

New York Public Service Commission

Case No. 28425: Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgement and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State.

North Carolina Public Utilities Commission

Docket No. P-100, Sub 72: In the Matter of the Petition of AT&T to Amend Commission Rules Governing Regulation of Interexchange Carriers (Comments).

Docket No. P-141, Sub 19: In the Matter of the Application of MCI Telecommunications Corporation to Provide InterLATA Facilities-Based Telecommunications Services (Comments).

Docket No. P-55, Sub 1013: In the Matter of Application of BellSouth Telecommunications, Inc. for, and Election of, Price Regulation.

Docket Nos. P-7, Sub 825 and P-10, Sub 479: In the Matter of Petition of Carolina Telephone and Telegraph and Central Telephone Company for Approval of a Price Regulation Plan Pursuant to G.S. 62-133.5.

Docket No. P-19, Sub 277: In the Matter of Application of GTE South Incorporated for and Election of, Price Regulation.

Docket No. P-141, Sub 29: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with BellSouth Telecommunications, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. (consolidated).

Docket No. P-141, Sub 30: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc. (consolidated).

Docket No. P-100, Sub 133b: Re: In the Matter of Establishment of Universal Support Mechanisms Pursuant to Section 254 of the Telecommunications Act of 1996.

Docket No. P-100, Sub 133d: Re: Proceeding to Determine Permanent Pricing for Unbundled Network Elements.

Docket No. P-100, Sub 84b: Re: In the Matter of Petition of North Carolina Payphone Association for Review of Local Exchange Company Tariffs for Basic Payphone Services (Comments).

Public Utilities Commission of Ohio

Case No. 93-487-TP-ALT: In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.

Oklahoma Corporation Commission

Cause No. PUD 01448: In the Matter of the Application for an Order Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utility Commission of Oregon

Docket No. UT 119: In the Matter of an Investigation into Tariffs Filed by US West Communications, Inc., United Telephone of the Northwest, Pacific Telecom, Inc., and GTE Northwest, Inc. in Accordance with ORS 759.185(4).

Docket No. ARB 3: In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc., for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996. Docket No. ARB 6: In the Matter of the Petition of MCI Metro Access Transportation Services, Inc. for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 (consolidated).

Docket No. ARB 9: In the Matter of the Petition of an Interconnection Agreement Between MCI Metro Access Transportation Services, Inc. and GTE Northwest Incorporated, Pursuant to 47 U.S.C. Section 252

Pennsylvania Public Utilities Commission

Docket No. I-00910010: In Re: Generic Investigation into the Current Provision of InterLATA Toll Service.

Docket No. P-00930715: In Re: The Bell Telephone Company of Pennsylvania's Petition and Plan for Alternative Form of Regulation under Chapter 30.

Docket No. R-00943008: In Re: Pennsylvania Public Utility Commission v. Bell Atlantic-Pennsylvania, Inc. (Investigation of Proposed Promotional Offerings Tariff).

Docket No. M-00940587: In Re: Investigation pursuant to Section 3005 of the Public Utility Code, 66 Pa. C. S. §3005, and the Commission's Opinion and Order at Docket No. P-930715, to establish standards

and safeguards for competitive services, with particular emphasis in the areas of cost allocations, cost studies, unbundling, and imputation, and to consider generic issues for future rulemaking.

South Carolina Public Service Commission

Docket No. 90-626-C: In Re: Generic Proceeding to Consider Intrastate Incentive Regulation.

Docket No. 90-321-C: In Re: Petition of Southern Bell Telephone and Telegraph Company for Revisions to its Access Service Tariff Nos. E2 and E16.

Docket No. 88-472-C: In Re: Petition of AT&T of the Southern States, Inc., Requesting the Commission to Initiate an Investigation Concerning the Level and Structure of Intrastate Carrier Common Line (CCL) Access Charges.

Docket No. 92-163-C: In Re: Position of Certain Participating South Carolina Local Exchange Companies for Approval of an Expanded Area Calling (EAC) Plan.

Docket No. 92-182-C: In Re: Application of MCI Telecommunications Corporation, AT&T Communications of the Southern States, Inc., and Sprint Communications Company, L.P., to Provide IntraLATA Telecommunications Services.

Docket No. 95-720-C: In Re: Application of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company for Approval of an Alternative Regulation Plan.

Docket No. 96-358-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 96-375-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and GTE South Incorporated Pursuant to 47 U.S.C. § 252.

Docket No. 97-101-C: In Re: Entry of BellSouth Telecommunications, Inc. into the InterLATA Toll Market.

Docket No. 97-374-C: In Re: Proceeding to Review BellSouth Telecommunications, Inc. Cost for Unbundled Network Elements.

Docket No. 97-239-C: Intrastate Universal Service Fund.

Docket No. 97-124-C: BellSouth Telecommunications, Inc. Revisions to its General Subscriber Services Tariff and Access Service Tariff to Comply with the FCC's Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996.

Tennessee Public Service Commission

Docket No. 90-05953: In Re: Earnings Investigation of South Central Bell Telephone Company.

Docket Nos. 89-11065, 89-11735, 89-12677: AT&T Communications of the South Central States, MCI Telecommunications Corporation, US Sprint Communications Company -- Application for Limited IntraLATA Telecommunications Certificate of Public Convenience and Necessity.

Docket No. 91-07501: South Central Bell Telephone Company's Application to Reflect Changes in its Switched Access Service Tariff to Limit Use of the 700 Access Code.

Tennessee Regulatory Authority

Docket No. 96-01152: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration under the Telecommunications Act of 1996 and Docket No. 96-01271: In Re: Petition by MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 96-01262: In Re: Interconnection Agreement Negotiations Between AT&T of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252.

Docket No. 97-01262: Proceeding to Establish Permanent Prices for Interconnection and Unbundled Network Elements.

Docket No. 97-00888: Universal Service Generic Contested Case.

Public Utility Commission of Texas

Docket No. 12879: Application of Southwestern Bell Telephone Company for Expanded Interconnection for Special Access Services and Switched Transport Services and Unbundling of Special Access DS1 and DS3 Services Pursuant to P. U. C. Subst. R. 23.26.

Docket No. 18082: Complaint of Time Warner Communications against Southwestern Bell Telephone Company.

Virginia State Corporation Commission

Case No. PUC920043: Application of Virginia Metrotel, Inc. for a Certificate of Public Convenience and Necessity to Provide InterLATA Interexchange Telecommunications Services.

Case No. PUC920029: Ex Parte: In the Matter of Evaluating the Experimental Plan for Alternative Regulation of Virginia Telephone Companies.

Case No. PUC930035: Application of Contel of Virginia, Inc. d/b/a GTE Virginia to implement community calling plans in various GTE Virginia exchanges within the Richmond and Lynchburg LATAs.

Case No. PUC930036: Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Virginia Code § 56-235.5, & Etc.

Washington Utilities and Transportation Commission

Docket Nos. UT-941464, UT-941465, UT-950146, and UT-950265 (Consolidated): Washington Utilities and Transportation Commission, Complainant, vs. US West Communications, Inc., Respondent; TCG

Seattle and Digital Direct of Seattle, Inc., Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle, Complainant, vs. GTE Northwest Inc., Respondent; Electric Lightwave, Inc., vs. GTE Northwest, Inc., Respondent.

Docket No. UT-950200: In the Matter of the Request of US West Communications, Inc. for an Increase in its Rates and Charges.

Public Service Commission of Wyoming

Docket No. 70000-TR-95-238: In the Matter of the General Rate/Price Case Application of US West Communications, Inc. (Phase I).

Docket No. PSC-96-32: In the Matter of Proposed Rule Regarding Total Service Long Run Incremental Cost (TSLRIC) Studies.

Docket No. 70000-TR-98-420: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase III).

Docket No. 70000-TR-99-480: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase IV).

Public Service Commission of the District of Columbia

Formal Case No. 814, Phase IV: In the Matter of the Investigation into the Impact of the AT&T Divestiture and Decisions of the Federal Communications Commission on Bell Atlantic - Washington, D. C. Inc.'s Jurisdictional Rates.

Puerto Rico Telecommunications Regulatory Board

Case No. 98-Q-0001: In Re: Payphone Tariffs.

COMMENTS - FEDERAL COMMUNICATIONS COMMISSION

CC Docket No. 92-91: In the Matter of Open Network Architecture Tariffs of Bell Operating Companies.

CC Docket No. 93-162: Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access.

CC Docket No. 91-141: Common Carrier Bureau Inquiry into Local Exchange Company Term and Volume Discount Plans for Special Access.

CC Docket No. 94-97: Review of Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 94-128: Open Network Architecture Tariffs of US West Communications, Inc.

CC Docket No. 94-97, Phase II: Investigation of Cost Issues, Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 97-231: Application by BellSouth to Provide In-Region InterLATA Services

CC Docket No. 98-121: Application by BellSouth to Provide In-Region InterLATA Services

TESTIMONY - STATE AND FEDERAL COURTS

Court of Common Pleas, Philadelphia County, Pennsylvania

Shared Communications Services of 1800-80 JFK Boulevard, Inc., Plaintiff, v. Bell Atlantic Properties, Inc., Defendant.

United States District Court for the District of South Carolina, Columbia Division

Brian Wesley Jeffcoat, on behalf of himself and others similarly situated, Plaintiffs, v. Time Warner Entertainment - Advance/Newhouse Partnership, Defendant.